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EB-07 COME-00 TRSE-00 OPIC-03 AID-05 IGA-02 AGR-05

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FM AMEMBASSY MASERU

TO SECSTATE WASHDC PRIORITY 5452

INFO USMISSION USUN NEW YORK

AMEMBASSY GABORONE

AMEMBASSY MBABANE

AMEMBASSY PRETORIA

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E.O. 11652: GDS

TAGS: PFOR, UN, US, LT

SUBJECT: MULTILATERAL DIPLOMACY: U.S.-LESOTHO BILATERAL

RELATIONS

REF: MBABANE 022

SUMMARY: LESOTHO EXPECTS THE U.S. TO BE MORE RESPONSIVE TO ITS DEVELOPMENT NEEDS IN VIEW OF ITS SUPPORT FOR U.S. POSITIONS AT THE UN. THIS EXPECTATION WILL UNDOUBTEDLY BE INCREASED BY RECENT PUBLICITY IN THE SOUTHERN AFRICAN PRESS INDICATING WE ARE REWARDING COUNTRIES THAT SUPPORTED US AT THE UN. I RECOMMEND EXPANDED AID, SELF-HELP, TRADE AND INVESTMENT PROGRAMS AS REWARD FOR LESOTHO'S SUPPORT AT THE 30TH UNGA, TO INSURE FUTURE SUPPORT AND TO ACHIEVE OTHER BASIC OBJECTIVES SUCH AS COUNTERING INFLUENCE OF RADICALS AND COMMUNISTS AND ENHANCING LESOTHO'S CAPACITY TO MAKE A GREATER CONTRIBUTION FOR CHANGE IN SOUTHERN AFRICA. END SUMMARY.

1. THE GOVERNMENT OF LESOTHO TOOK WHAT IT REGARDED AS A PAINFUL CONFIDENTIAL

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DECISION TO SUPPORT THE U.S. ON THE KOREAN ISSUE AT THE 30TH

UNGA. LESOTHO'S DIFFICULTIES STEMMED FROM DESIRE TO PLAY A MORE ACTIVE ROLE IN OAU AND NON-ALIGNED CIRCLES, EFFORTS TO BROADEN ITS RANGE OF CONTACTS, REDUCE ITS ISOLATION AS AN ENCLAVE OF SOUTH AFRICA AND THUS ENHANCE ITS POLITICAL INDEPENDENCE. LESOTHO'S DECISION TO SUPPORT U.S. POSITION WAS TAKEN PRIMARILY BECAUSE OF OUR DEMARCHES EMPHASIZING THAT GOL VOTING RECORD WOULD BE A FACTOR IN BILATERAL RELATIONS. IT MIGHT BECOME INCREASINGLY DIFFICULT FOR GOL TO MAINTAIN THIS SUPPORT IN THE ABSENCE OF MORE MOVEMENT IN RESOLVING PROBLEMS IN SOUTHERN AFRICA AND EXPANDED AID AND OTHER PROGRAMS.

2. GOL HAS NOT REQUESTED SPECIFIC QUID PRO QUO BUT IT WILL EXPECT U.S. TO BE MORE RESPONSIVE TO COUNTRY'S CRITICAL DEVELOP-MENT NEEDS. LESOTHO IS AMONG THE INNER SIX OF THE WORLD'S LEAST DEVELOPED COUNTRIES WITH A PER CAPITA INCOME OF \$90. ITS ECONOMY IS CHARACTERIZED BY STRESSES AND STRAINS WHICH TEND TO GENERATE SOCIAL AND POLITICAL UNREST. AGRICULTURAL PRODUCTIVITY IS LOW. LAND IS BADLY ERODED; POPULATION IS INCREASING FASTER THAN THE CARRYING CAPACITY OF THE LAND, RESULTING IN HEAVY DEPENDENCE ON IMPORTED FOOD, INFLATION HAS RAISED LIVING COSTS, ERODED REAL WAGES AND PRODUCED ADDITIONAL BUDGET STRINGENCY. UNEMPLOYMENT IS A MAJOR PROBLEM AS REFLECTED IN THE PRESENT 200,000 MIGRANT BASOTHO WORKERS INSOUTH AFRICA. GOL WOULD LIKE TO REDUCE DEPEN-DENCE ON SOUTH AFRICA TO ABSORB SURPLUS LABOR. MAGNITUDE OF THE PROBLEM IS SUGGESTED BY THE FACT THAT UNDER THE CURRENT FIVE-YEAR PLAN, LESOTHO CAN GENERATE ONLY 10.000 JOBS AT AN 8 PERCENT GROWTH RATE; DEVELOPMENT CAPITAL IS CLEARLY INSUFFICIENT EVEN TO ACHIEVE THIS. IN THE SOUTHERN AFRICAN CONTEXT IT IS IN U.S. INTERESTS TO EXPAND AID PROGRAMS TO HELP LESOTHO ACHIEVE A HIGHER RATE OF ECONOMIC GROWTH WITHIN THE FRAMEWORK OF REASONABLE POLITICAL STABILITY.

3. AS A REWARD FOR GOL SUPPORT AT THE 30TH UNGA AND TO ACHIEVE OTHER BASIC POLICY OBJECTIVES, RECOMMEND FOLLOWING FOR DEPARTMENT'S CONSIDERATION:

A. SOUTHERN AFRICA

GOL IS VERY CONCERNED ABOUT BECOMING ENGULFED IN CURRENT TREND TOWARD PHYSICAL VIOLENCE IN SOUTH AFRICA. SUCH A DEVELOP-CONFIDENTIAL

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MENT WOULD CAUSE A MAJOR INFLUX OF REFUGEES AND REPATRIATION OF 200,000 MIGRATORY WORKERS, THUS COMPLICATING LESOTHO'S ALREADY PRECARIOUS POLITICAL AND ECONOMIC SITUATION. LESOTHO WOULD LIKE TO SEE THE U.S. PRESS HARDER ON APARTHEID SINCE RACISM IN SOUTH AFRICA IS SEEN AS ROOT CAUSE OF GROWING POLITICAL AND SECURITY PROBLEMS IN SOUTHERN AFRICA. SUGGESTIONS MADE IN REFTEL ON THIS POINT ARE EQUALLY APPLICABLE TO LESOTHO.

B. AID PROCEDURES

GOL VERY MUCH APPRECIATES OUR AID BUT DOES NOT CONSIDER U.S. SUFFICIENTLY RESPONSIVE TO RELATIVELY SMALL AID REQUESTS, USUALLY ON AN URGENT BASIS, WHICH FALL OUTSIDE OUR AID PROJECT PROGRAMMING. DEVELOPMENT OF MORE FLEXIBLE APPROACH AS RECOMMENDED REFTEL WOULD BE HELPFUL IN DEALING WITH THIS PROBLEM.

C. ASSURANCES ON FOOD AID

LESOTHO'S SHORT AND LONG-TERM REQUIREMENTS FOR U.S. FOOD AID, AGRICULTURAL DEVELOPMENT AND SOIL CONSERVATION ASSISTANCE REMAIN CRITICAL. THE COUNTRY NOW IMPORTS, COMMERCIALLY OR THROUGH FOOD AID, A HIGH PERCENTAGE OF ITS FOOD REQUIREMENTS. IF LESOTHO ADOPTS AN EFFECTIVE POPULATION POLICY, IS SUCCESSFUL IN INTRODUCING MODERN AGRICULTURAL METHODS, IMPLEMENTS LAND TENURE REFORM AND IS LUCKY WITH THE WEATHER, IT MIGHT BE ABLE TO ACHIEVE BROAD SELF-SUFFICIENCY IN FOOD PRODUCTION IN THE LONG RUN. DIRECT PL 480 FOOD AID TO LESOTHO HAS BEEN RUNNING AROUND \$2 MILLION ANNUALLY. THIS AID IS OF CRUCIAL IMPORTANCE TO LESOTHO AND WILL REMAIN SO FOR THE FORESEEABLE FUTURE. GOL OFFICIALS HAVE OCCASIONALLY INDI-CATED CONCERN THAT FOOD AID MAY DRY UP BEFORE LESOTHO IS IN A POSITION TO DO WITHOUT IT. IT WOULD BE HELPFUL, AS AN EXPRESSION OF APPRECIATION FOR LESOTHO'S UN SUPPORT, IF WE ASSURED THE GOL THAT THE USG WILL MAKE EVERY EFFORT TO CONTINUE ITS PL480 FOOD AID UNTIL AGRICULTURAL PROGRAMS NOW UNDER WAY HAVE HAD A SIGNIFICANT IMPACT IN EITHER REDUCING FOOD IMPORTS OR EXPANDING EXPORTS OF HIGH VALUE CASH CROPS TO FINANCE SUCH IMPORTS.

D. AID PROJECTS

DEPARTMENT REQUESTED SUPPORT OSARAC'S PROPOSED CONGRESSIONAL PRESENTATION BUDGET CALLING FOR INCREASE IN GRANT ASSISTANCE CONFIDENTIAL

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AMOUNTING TO \$1 MILLION IN FY 77. THESE FUNDS ARE NEEDED ESSENTIALLY TO FINANCE ONGOING PROJECTS IN HEALTH, INTEGRATED AGRICULTURE AND LAND AND WATER RESOURCES DEVELOPMENT, AS WELL AS PERSONNEL DEVELOPMENT AND TRAINING. A NUMBER OF NEW PROJECTS, SUCH AS THE EDUCATIONAL RESUOURCES CENTER, HEALTH MANPOWER TRAINING, AGRICULTURAL FIELD SERVICES AND AGRICULTURAL LOANS, AND NEW STUDIES SUCH AS HUMAN RESOURCES AND NON-FORMAL EDUCATION AND AN AGRICULTURAL SECTOR ANALYSIS, ARE EITHER UNDER WAY, BEING PROPOSED OR STIDIED. A MAJOR EFFORT SHOULD BE MADE TO ACCELERATE THE IMPLEMENTATION OF THESE STUDIES OR PROPOSED NEW PROJECTS.

E. UNIVERSITY

HOW TO DEVELOP NEW LESOTHO NATIONAL UNIVERSITY IS OF GREAT CONCERN TO THE GOL. THIS IS A HIGHLY SENSITIVE POLITICAL ISSUE IN

VIEW OF THE BREAK UP OF UB(L)S AS A REGIONAL INSTITUTION. AT THIS STAGE, IT IS NOT CLEAR WHETHER GOL WILL BE ABLE TO WORK OUT A PROGRAM TO COOPERATE WITH OTHER BLS GOVERNMENTS. MISSION, NEVERTHELESS, EXPECTS TO RECEIVE A REQUEST FOR SOME KIND OF ASSISTANCE IN THE VERY NEAR FUTURE WHICH SHOULD NOT BE REJECTED OUT OF HAND. IN THE MEANTIME, WASHINGTON SHOULD CONTINUE CONTINGENCY PROGRAMMING AS REQUESTED IN PARA 2E REFTEL.

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F. NATIONAL NUTRITIONAL PROGRAM

A. U.S. ORGANIZATION (PLANNING ASSISTANCE INCORPORATED, OR PAI) SPONSORED A NATIONAL NUTRITION WORKSHOP IN DECEMBER 1975. AS RESULT WORKSHOP, GOL PLANS TO MAKE CONCERTED EFFORT TO DEVELOP PROPOSAL FOR AID FUNDING OF EXTERNAL ASSISTANCE REQUIREMENTS (E.G. NUTRITIONAL STATUS SURVEY; LONG AND SHORT TERM CONSULTANTS). PAI IS NOW PREPARING FY 76 OPG PROPOSAL FOR AID/W CONSIDERATION AND I URGE WASHINGTON TO APPROVE FUNDING.

G. SELF-HELP

POST HAS RECEIVED ONLY \$30,000 IN SELF-HELP FUNDS THIS YEAR

WHICH WAS IMMEDIATELY ALLOCATED. APPROVED PROJECTS IN THE PIPELINE TOTAL \$120,000. WE EXPECT REQUESTS FOR AN ADDITIONAL \$35,000 WITHIN 90 DAYS. MANY OF THESE PROJECTS ARE OF GREAT INTEREST TO THE GOVERNMENT. ALL ARE OF THE HIGHEST IMPORTANCE TO COMMUNITIES CONCERNED AND ALL MEET SELF-HELP CRITERIA. IN THE AGGREGATE THESE PROJECTS MAKE AN IMPRESSIVE PACKAGE; DEPARTMENT REQUESTED PROVIDE AN ADDITIONAL ALLOCATION TOTALING \$155,000 OVER THE NEXT NINE CONFIDENTIAL

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MONTHS.

H. PRIVATE INVESTMENT

IN THE LONG RUN, LESOTHO MUST ATTRACT PRIVATE CAPITAL IF IT IS TO DEVELOP. AT PRESENT IT IS ATTRACTIVE TO FOREIGN AID DONORS, PRIMARILY BECAUSE OF HUMANITARIAN AID CONSIDERATIONS AND ITS ENCLAVE POSITION VIS-A-VIS SOUTH AFRICA. THIS WILL NOT CONTINUE INDEFINITELY. THE NECESSITY OF LESOTHO ATTRACTING FOREIGN INVESTMENT IS URGENT IF DEVELOPMENT IS TO TAKE PLACE. PRIME MINISTER JONATHAN REQUESTED A TOP-LEVEL AMERICAN TO FILL THE POSITION AS DIRECTOR OF THE LESOTHO NATIONAL DEVELOPMENT CORPORATION MORE THAN A YEAR AGO. WE HAVE NOT YET DELIVERED. URGE DEPARTMENT TAKE IMMEDIATE AND EFFECTIVE ACTION TO RECRUIT TOP FLIGHT EXECUTIVE AS DIRECTOR FOR LESOTHO NATIONAL DEVELOPMENT CORPORATION. IN ADDITION TO RUNNING ADS IN THE WALL STREET JOURNAL, IT MIGHT BE MORE EFFECTIVE TO MAKE A DIRECT APPROACH TO AMERICAN FIRMS ABOUT DETAILING ONE OF ITS TOP FLIGHT YOUNG EXECUTIVES TO LNDC.

I. TENTH ANNIVERSARY

THIS OCTOBER IS LESOTHO'S 10TH ANNIVERSARY OF INDEPENDENCE. IF REQUESTED, WE SHOULD MAKE A SPECIAL EFFORT TO SEND A HIGH-RANKING REPRESENTATIVE TO DEMONSTRATE OUR INTEREST IN LESOTHO; THE GOL SHOULD BE INFORMED OF THIS DECISION SOONEST.

J. PUBLICITY

IN CONNECTION WITH THE 10TH ANNIVERSARY, THE GOL IS EXPECTED TO GIVE MAXIMUM PUBLICITY TO ITS ACHIEVEMENTS INCLUDING SUCCESS IN SECURING FOREIGN ASSISTANCE. THUS IMPLEMENTATION OF THE RECOMMENDATIONS CONTAINED IN THIS MESSAGE WOULD RECEIVE ADDITIONAL PUBLICITY AND MIGHT HAVE A SIGNIFICANT EFFECT ON OTHER AFRICAN STATES. IN ADDITION, POST WOULD SEEK OPPORTUNITIES TO STRESS EXPANSION IN U.S. ASSISTANCE IN LESOTHO. ALSO RECOMMEND USIA FOCUS MORE ATTENTION ON LESOTHO THROUGH VOA AND WIRELESS FILE TO MAXIMIZE PUBLIC RELATIONS IMPACT OF OUR EFFORT AND RAISE LESOTHO'S VISIBILITY IN AFRICA AS A FRIEND OF THE U.S.

4. I PLAN TO RETURN TO LESOTHO IN MARCH FOR TALKS WITH PRIME MINISTER AND WOULD APPRECIATE AUTHORITY TO (A) GIVE GOL ASSURANCES

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ON FOOD AID WITHOUT MAKING ANY SPECIFIC COMMITMENT; (B) TELL PRIME MINISTER THAT WASHINGTON HAS REQUESTED CONGRESS TO INCREASE GRANT ASSISTANCE BY \$1 MILLION FOR FY 77 AND THAT FY 76 OPG FUNDING WILL BE FORTHCOMING FOR NATIONAL NUTRITIONAL PROGRAM; (C) INFORM PRIME MINISTER OF OTHER NEW PROJECT PROPOSALS AND STUDIES WITH THE TARGET DATES FOR IMPLEMENTATION; (D) TELL PRIME MINISTER U.S. SYMPATHETIC TO UNIVERSITY PROBLEMS AND HOPE BLS COUNTRIES WILL COME UP WITH A MEANINGFUL PROGRAM OF COOPERATION; (E) INFORM PRIME MINISTER U.S. PLANNING TO INCREASE SELF-HELP TO \$200,000 THIS YEAR; (F) EXPRESS REGRET U.S. HAS NOT BEEN ABLE TO RECRUIT AN AMERICAN DIRECTOR FOR LNDC AS HE REQUESTED -- BUT WE HAVE NOW SUCCEEDED IN RECRUITING TOP FLIGHT EXECUTIVE: (G) INFORM PRIME MINISTER U.S. PREPARED TO SEND HIGH LEVEL AMERICAN TO ITS 10TH ANNIVERSARY CELEBRATION IN INDEPENDENCE.

5. I HOPE DEPARTMENT WILL ACT PROMPTLY ON RECOMMENDATIONS OUT-LINED IN THIS MESSAGE VIEW OF CURRENT PRESS REPORTS INDICATING U.S. REWARDING STATES THAT SUPPORTED US IN THE UN AND CUTTING BACK ON AID TO THOSE COUNTRIES THAT CONSISTENTLY VOTE AGAINST US. BOLEN

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